



**Statement for the Record Submitted on Behalf of
the Council For Quality Respiratory Care**

**U.S. House of Representatives Subcommittee on Health
Committee on Ways and Means**

Hearing on the Medical Durable Medical Equipment Competitive Bidding Program

May 9, 2012

The Council for Quality Respiratory Care (CQRC) appreciates the opportunity to submit this written statement for the record of the May 9, 2012, House Ways and Means Health Subcommittee hearing examining the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Suppliers (DMEPOS) Competitive Bidding Program. CQRC applauds the Subcommittee's Leadership and Members for holding this hearing to learn more about the impact of the program on patients, suppliers, and Medicare expenditures.

The CQRC supports the competitive bidding program for durable medical equipment, if implemented appropriately. We oppose efforts to delay or repeal the program that would result in cuts to the home respiratory therapy benefit.

The CQRC is a coalition of the nation's eight leading home oxygen therapy providers who have served beneficiaries in the Medicare DMEPOS program for more than 30 years, as well as DMEPOS manufacturing companies. Together we provide in-home patient services and respiratory equipment to more than 600,000 (the majority) of the more than one million Medicare beneficiaries who rely upon home oxygen therapy to maintain their independence and enhance their quality of life. Our members also employ approximately 36,000 people in the United States.

The CQRC has sought to work with CMS to address implementation issues identified during Round I. It is important to evaluate Round I and modify the requirements for Round II to address problems that arose during that initial phase of the program.

We strongly urge the Subcommittee to monitor the Round II competitive bidding process to ensure the bidding requirements are applied to all bidders.

In Round I, not all contract suppliers were able to provide services on day one of the contract period. Our members were required to cover the gap to ensure beneficiaries received their life-sustaining oxygen therapy as Round I went into effect because some winning bidders did not provide services in the CBAs. In some instances, these suppliers offered to sell their contracts or companies to our members because they did not intend to provide services in the CBAs. This practice results in higher overall costs and threatens access to care for beneficiaries.

These providers did not meet the CMS requirement that bidders “get licensed” and “get accredited” and be ready to provide services on day one. CMS required for Round I and has reiterated the requirement for Round II that it will award contracts only “to suppliers that have all state licenses at the time the bid is submitted...Every location must be licensed in each state in which it provides services.” If a bidder has “only one location and [is] bidding in a CBA that includes more than one state, [it] must have all required licenses for every state in that CBA.” If it has more than one location and is “bidding in a CBA that includes more than one state, [the] company must have all required licenses for the product category for every state in that CBA.” CMS also requires suppliers to “be accredited for all items in a product category in order to submit a bid for that product category.” Most importantly, “[e]ach contract supplier must be ready to provide services in the CBA [competitive bidding area] or nationwide...on day one of the contract period.”

If a bidder does not meet the CMS bidding requirements, it should not be permitted to hold or sell the contract and the bid amount should be recalculated to account for the change. Based upon the experience of our members, it appears that CMS has not enforced this requirement; otherwise, all of the winning bidders that have approached our members would have provided services in the CBAs in which they won contracts.

CQRC looks forward to working with Congress to ensure a rational, fair, and effective solution to the severe problems caused by current auditing activities. Should you have any further questions, please do not hesitate to contact Kathy Lester at (202) 457-6000.

CQRC Members

**Aerocare Holdings, Inc.
American HomePatient, Inc.
Apria Healthcare
Lincare Holdings
Pacific Pulmonary Services
Rotech Healthcare, Inc.
Philips Home Healthcare Solutions
ResMed Inc.**